

Education and Workforce Development Cabinet

Kentucky's jobless rate jumps to 8.7 percent in January

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Editor's Note: Preliminary January and revised December labor market information are included in this release.

FRANKFORT, Ky. (March 12, 2009) — Kentucky's seasonally adjusted preliminary unemployment rate for January 2009 climbed to a 22-year high 8.7 percent from December 2008's revised 7.6 percent, according to the Office of Employment and Training (OET), an agency of the Kentucky Education and Workforce Development Cabinet. The January rate was the highest in Kentucky since the 8.9 percent jobless rate recorded in March 1987.

"The downturn in the Kentucky economy intensified in January 2009 causing the unemployment rate to increase 1.1 percentage points, the largest monthly increase on records dating to January 1976. Extended shutdowns at manufacturing plants combined with numerous layoffs and plant closings lead to a 10,300 decrease in industrial employment," said Justine Detzel, OET chief labor market analyst.

The January 2009 unemployment rate is 3.2 percentage points higher than the 5.5 percent rate recorded in January 2008. "This marks the largest year-over-year increase in the unemployment rate since September 1980," said Detzel.

The U.S. seasonally adjusted jobless rate rose from 7.2 percent in December 2008 to 7.6 percent in January 2009, according to the U.S. Department of Labor.

Unemployment statistics are based on estimates and are compiled to measure trends rather than actually to count people working.

Six of the 11 major nonfarm North American Industry Classification System (NAICS) job sectors reported employment increases in January 2009, while five decreased, according to OET. A decline of 10,600 jobs in January 2009 brought Kentucky's nonfarm employment to a seasonally adjusted total of 1,813,200. Since January 2008, Kentucky's nonfarm employment has plummeted by 55,600.

According to the seasonally adjusted employment data, the number of jobs in the professional and business services sector rebounded from December 2008 and added 3,500 positions in January 2009. This area had 3,100 fewer employees in January 2009 than in January 2008. The professional and business services sector includes professional, scientific and technical services, management of companies and administrative and support and waste management, including temporary help agencies.

"January 2009 marks the first time professional and business services companies have exhibited employment gains since April 2008. The majority of these employment advances occurred in administrative and support management businesses. A fraction of this growth represents an expansion at a support services center," Detzel said. "The year-over-year job losses are concentrated in administrative and support management enterprises reflecting a prolonged period of fragility in the employment services industry."

The government sector, which includes public education, public administration agencies and state-owned hospitals, gained 700 positions in January 2009. The sector has 3,900 fewer jobs compared to January 2008.

The state's educational and health services sector grew by 600 jobs in January 2009. Since last January, the number of jobs in this sector has risen by 4,000. This sector includes private and nonprofit establishments that provide either education and training or health care and social assistance to their clients.

"The year-over-year employment gains in health care and social assistance companies reflect multiple home health agency openings, a VA health center opening, three outpatient center openings, and a medical complex opening. A new college opening in the last year contributed to the rise in the number of jobs in the educational services industry," Detzel said.

The number of positions in the natural resources and mining sector rose by 300 in January 2009. The sector has added 2,800 jobs since January 2008 because of hiring in the coal mining industry.

The number of jobs in the financial activities sector increased by 300 positions in January 2009. This segment, which includes businesses involved in finance, insurance, real estate and property leasing or rental, has gained 400 positions over the past 12 months.

The state's other services sector, which includes such establishments as repair and maintenance businesses, personal and laundry services, religious organizations and civic and professional organizations, added 300 jobs in January 2009. This sector had 2,100 fewer jobs in January 2009 than January 2008.

Kentucky's manufacturing sector reported the largest decline of any sector in January 2009 with a loss of 10,300 jobs. Compared to January 2008, jobs in the sector shrunk by 32,100.

"While the lion's share of the decrease in manufacturing over the month was in the durable goods subsector, nearly all areas have been hit. Widespread losses in the automobile industry are rippling throughout the sector and beyond," said Detzel.

"In the last year, companies that produce durable goods have been hemorrhaging jobs. This reflects the malaise resulting from the automobile slump impacting Kentucky. Consumers are postponing purchases of long-lasting manufactured goods such as cars, appliances and furniture until the tide turns in the economy. In addition, non-durable goods manufacturers are detrimentally affected by consumers curtailing spending on non-necessities in an effort to cope with rising prices," she said.

Kentucky's trade, transportation and utilities sector fell by 3,000 jobs in January 2009. This area includes retail and wholesale trade, transportation and warehousing businesses and utilities. It is the largest sector in Kentucky with 373,300 employees. Since January 2008, the number of jobs in this sector has plummeted by 11,600.

"Year-over-year job losses were concentrated in retail trade enterprises and transportation, warehousing, and utilities businesses," Detzel said. "Over the last year, consumers have been battered by job losses, financial turmoil, and a plunging stock market. As households tightened their belts, retailers suffered declining sales, enacted layoffs, and closed underperforming stores. Job losses in the transportation, warehousing, and utilities industry reflect reductions at transportation companies, the closings of two transportation businesses and a warehouse closing."

The construction sector recorded 2,500 fewer positions in January 2009. Since January 2008, employment in the construction sector has plunged by 10,000 positions.

"Over the year, the maladies in the housing market, tighter credit delaying construction projects and the closings of a residential construction firm and an electrical contractors company factored into the job losses in this industry," Detzel said.

Kentucky's leisure and hospitality sector reported an employment loss of 300 jobs in January 2009. Since January 2008, employment in the sector has added 700 positions. The leisure and hospitality sector includes arts, entertainment and recreation, accommodations and food services and drinking places industries.

The information sector dropped by 200 jobs in January 2009. This segment, which includes firms involved in publishing, Internet activities, data processing, broadcasting and news syndication, has lost 600 positions since January 2008.

The U.S. Bureau of Labor Statistics' monthly estimate of the number of employed Kentuckians for January 2009 was 1,888,102 on a seasonally adjusted basis. This figure is down 17,326 from the

1,905,428 employed in December 2008, and down 29,557 from the 1,917,659 employed in January 2008.

The monthly estimate of the number of unemployed Kentuckians for January 2009 was 180,393, up 23,603 from the 156,790 Kentuckians unemployed in December 2008, and up 69,844 from the 110,549 unemployed in January 2008.

The monthly estimate of the number of Kentuckians in the civilian labor force for January 2009 was 2,068,495. This figure is up 6,277 from the 2,062,218 recorded in December 2008, and up 40,287 from the 2,028,208 recorded for January 2008.

Civilian labor force statistics include non-military workers and unemployed Kentuckians who are actively seeking work. They do not include unemployed Kentuckians who have not looked for employment within the past four weeks.

Kentucky's statewide unemployment rate and employment levels are seasonally adjusted. Employment statistics undergo sharp fluctuations due to seasonal events, such as weather changes, harvests, holidays and school openings and closings. Seasonal adjustments eliminate these influences and make it easier to observe statistical trends. However, because of the small sample size, county unemployment rates are not seasonally adjusted.

Learn more about the Office of Employment and Training at www.workforce.ky.gov.

A complementary experimental hours and earnings series is available at <http://www.bls.gov/sae/saeapp.htm>.